

Message Text

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 L-02 AID-05 CIAE-00 FRB-01 INR-07

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R 140837Z FEB 75

FM AMEMBASSY SEOUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 8380

AMEMBASSY TOKYO

UNCLAS SEOUL 0985

E.O. 11652: N/A

TAGS: BDIS, KS

SUBJ: SCRAP METAL CONTRACTS

REF: (A) USDOC 18436, 0711, 1324

(B) MERRITT FREEMAN'S LTR TO COMMERCIAL METALS CO.,
DTD JAN. 27, 1975

1. COMMERCIAL COUNSELOR HAS DISCUSSED WESTERN DIVERSIFIED METALS CORP. CASE WITH ASST. MINISTER PARK PIL SOO. BRIEFLY STATED, THREE COMPANIES WITH WHOM WDMC DEALING, ARE ALL IN FINANCIAL DIFFICULTY AND FORCEFUL REMEDIES SUCH AS LEGAL ACTION, OR HAVING IMPORT LICENSES REFUSED UNTIL SETTLEMENT REACHED, WOULD RESULT IN BANKRUPTCY FOR ALL ACCORDING TO PARK.

2. OBJECTIVE RECOMMENDED BY PARK IS TO GET BOTH PARTIES TO AGREE THAT KOREAN BUYERS OPEN L/CS AT CURRENT MARKET PRICE AND ARRANGE PAYMENT OVER MUTUALLY AGREED-UPON TIME FRAME FOR DIFFERENCE BETWEEN CURRENT MARKET PRICE AND CONTRACTED PRICE. PARK WILL CALL BUYERS TO HIS OFFICE WITHIN NEXT THREE DAYS TO DISCUSS AND APPLY WHAT LIMITED PRESSURE AT HIS DISPOSAL IN VIEW OF SHAKY FINANCIAL CONDITION OF ALL BUYERS TO ARRIVE AT AMICABLE AND MUTUALLY ACCEPTABLE AGREEMENT. IN THIS CONTEXT HE ASKED THAT EMBASSY ENDEAVOR TO PREVAIL UPON
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BELOKAMEN, WDMC'S FE REP BASED IN TOKYO, TO VISIT SEOUL AND

GIVE ONE MORE TRY AT REACHING SETTLEMENT WITH BUYERS. PARK GAVE ASSURANCE THAT MEETING WITH PROPER OFFICERS OF INVOLVED COMPANIES WOULD BE ARRANGED BY HIS OFFICE.

3. FYU NEITHER EMBASSY OFFICER NOR PARK VERY SANGUINE ABOUT PROSPECTS FOR SETTLEMENT SINCE BUYERS HAVE REMAINED ADAMANT THROUGHOUT EARLIER MEETINGS THAT PRICES BE LOWERED DESPITE EXISTING AND APPARENTLY LEGAL CONTRACTS. IF BELOKAMEN AGREES TO VISIT SEOUL AND MEETINGS FAIL ONLY REMAINING RECOURSE IS PROBABLY LEGAL ACTION WHICH COULD BE COSTLY, TIME-CONSUMING, AND REGARDLESS OF DECISION, BOTH PARTIES WOULD LOSE. EMBASSY UNDERSTANDS BELOKAMEN PREPARED TO TAKE LEGAL ACTION AND THIS CERTAINLY CAN BE USED AS THREAT. HOWEVER, PARK BELIEVES THAT COMPANIES WILL TAKE BANKRUPTCY ACTION SHOULD THIS BE CARRIED OUT.

4. REQUEST TOKYO PASS SUBSTANCE OF ABOVE TO BELOKAMEN AND URGE THAT HE HAVE "ONE MORE GO" AT SETTLEMENT FOLLOWING PARK'S MEETINGS WITH BUYERS.

5. USDOC MAY APPLY ABOVE INFORMATION TO CASE INVOLVING COMMERCIAL METALS CO. REFLTR.
SNEIDER

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